

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 123 – SB 208

March 5, 2013

SUMMARY OF ORIGINAL BILL: Enacts the “Military Education Assistance for Tennessee Act”. Requires veterans from a branch of the U.S. armed forces or the National Guard to be charged no more for tuition and fees than the maximum tuition reimbursement provided by the Post-9/11 GI Bill provided that the veterans meet certain requirements. Grants members of the Tennessee State Guard one free course per term at any state-supported college, university, technology center, the Tennessee Foreign Language Institute, or for courses taken through the Tennessee Board of Regents (TBR) online degree program. Authorizes spouses of Tennessee State Guard members to receive a 50 percent discount for one course per term for courses taken at any state-supported public higher education institution, including TBR online degree program courses. Requires individuals who receive the tuition waiver to provide proof of current active duty membership with at least one year of prior service in the Tennessee State Guard by the individual or their spouse.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$439,500/FY13-14
\$465,900/FY14-15
Exceeds \$493,800/FY15-16 and Subsequent Fiscal Years

SUMMARY OF AMENDMENT (004079): Adds language to the original bill placing a state-wide cap of 25 per year on the number of Tennessee State Guard members who may receive a full tuition waiver. Requires any Tennessee State Guard member applicants to submit documentation from the commanding officer of the Tennessee State Guard to show the institution that the number of waivers will not be exceeded by their enrollment. Deletes language in original bill that authorized Tennessee Guard members’ spouses to receive a 50 percent tuition waiver for one course per term.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$37,700/FY13-14
\$40,000/FY14-15
Exceeds \$42,400/FY15-16 and Subsequent Fiscal Years

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Assumptions for the bill as amended:

- Reduced tuition and fee revenue as a result of this bill will be replaced with increased state appropriations from the General Fund to continue funding institutional operations.
- According to the University of Tennessee (UT) and TBR, veterans who enroll from out-of-state will not be charged more for tuition and fees than what is paid by the G.I. Bill, which reimburses for in-state tuition only.
- In their initial year of enrollment, new enrollees will be counted as in-state students for the purposes of tuition.
- UT and TBR will be reimbursed in-state tuition for any new enrollees by the federal government through the G.I. Bill. No increase in state expenditures for new military veteran enrollees as a result of this bill.
- In FY13-14, TBR estimates that 10 Tennessee State Guard (TSG) members per year will receive a full tuition waiver and attend a community college and 10 TSG members per term will attend a four-year university and receive a full tuition waiver.
- According TBR, the cost for a full waiver at a TBR university is \$1,745 and the cost for a full waiver at a community college is \$880.
- In FY13-14, the decrease in tuition revenue for TBR institutions relative to TSG members is estimated to be \$26,250 $[(\$1,745 \times 10) + (\$880 \times 10)]$.
- In FY13-14, UT estimates that five TSG members per year will receive a full tuition waiver.
- According to UT, the cost for a full waiver will be \$2,294.
- In FY13-14, the decrease in tuition revenue for UT relative to TSG members is estimated to be \$11,470 $(5 \times \$2,294)$.
- In FY13-14, the total decrease in tuition revenue for TBR and UT is estimated to be \$37,720 $(\$26,250 + \$11,470)$.
- With an average annual tuition increase of six percent, the decrease in tuition revenue for TBR and UT is estimated to be \$39,983 $(\$37,720 \times 106.0\%)$ in FY14-15.
- Given the annual growth in tuition, the decrease in tuition revenue for TBR and UT in FY15-16 and subsequent years is estimated to exceed \$42,382 $(\$39,983 \times 106.0\%)$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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